

## INTRODUCTION

### What are Capital Improvements?

The Capital Improvement Plan (CIP) is a ten-year roadmap for creating, maintaining and paying for Glendale's present and future infrastructure needs. The CIP outlines project costs, funding sources and estimated future operating costs associated with each capital improvement. The plan is designed to ensure that capital improvements will be made when and where they are needed, and that the City will have the funds to pay for and maintain them.

Capital improvement projects are non-routine capital expenditures that generally cost more than \$50,000 and result in the purchase of equipment, acquisition of land, design and construction of new assets, or the renovation, rehabilitation or expansion of existing capital assets. Capital projects usually have an expected useful life of at least five years.

Capital improvements make up the bricks and mortar, or infrastructure that all cities must have in place to provide essential services to current residents and support new growth and development. They also are designed to prevent the deterioration of the city's existing infrastructure, and respond to and anticipate the future growth of the city. A wide range of projects comprise capital improvements as illustrated by the examples below:

- fire and police stations;
- libraries, court facilities and office buildings;
- parks, trails, open space, pools, recreation centers and other related facilities;
- water and wastewater treatment plants, transmission pipes, storage facilities and pump stations;
- roads, bridges, traffic signals and other traffic control devices including fiber optic infrastructure needed for the operation of intelligent transportation systems;
- landscape beautification projects;
- computer software and hardware systems other than personal computers and printers;
- flood control drainage channels, storm drains and retention basins;
- and major equipment purchases such as landfill compactors, street sweepers and sanitation trucks.

Growing municipalities such as Glendale face a special set of complex problems. These cities need to build new roads, add public amenities such as parks and expand public safety services to accommodate new residential and non-residential development. They also must simultaneously maintain, replace, rehabilitate and/or upgrade existing capital assets such as roads, parks, buildings and underground pipes for the water and sewer system.

Glendale has kept pace with its rapid growth through many new public assets. Glendale also has completed many capital projects that involved renovating, rehabilitating or expanding existing infrastructure or buildings. Notable projects completed since 2000 include the following:

2010	Bicentennial Park Renovations
2010	Butler Park Renovations
2009	Relocation of Fire Station 151
2009	Catlin Court Alleyway Project
2009	Replacement of Billing System for City Services
2009	Storm Drain Improvements – 59 <sup>th</sup> Avenue and 67 <sup>th</sup> Avenue
2009	Sahuaro Ranch Park Picnic Pavilion Renovations
2009	Trail Renovations at Thunderbird Conservation Park
2008	Oasis Water Treatment Plant
2008	Cholla Water Treatment Plant Process Improvements
2008	Park and Ride Facility at 99 <sup>th</sup> and Glendale Avenues
2008	Downtown Parking Garage
2007	Grand Avenue Improvements
2007	Downtown Campus
2007	Foothills Recreation & Aquatic Center
2007	Emergency Operations Center
2007	Convention Center/Media Center/Parking Garage
2006	Field Operations Complex
2006	Fire Station 159
2006	Rose Lane Pool Restoration
2005	99 <sup>th</sup> Avenue Metering Station Improvements
2004	New Adult Center Facility
2004	Pyramid Peak Water Treatment Plant – Solids Handling Expansion
2003	Jobing.com Arena
2002	Manistee Land Redevelopment
2001	Tourism Visitor Center
2000	Arrowhead Wastewater Plant Expansion

## **Paying for Capital Improvements**

In many respects, the city planning process for selecting, scheduling and financing capital improvements parallels the way an individual might plan for buying a new house or car. This process entails an assessment of many valid competing needs, a determination of priorities, an evaluation of costs and financing options and an establishment of realistic completion timeframes. The analysis process involves many familiar questions.

- Do I need a new home or car or just “want” one?
- Can I wait another year or two?
- Are there other alternatives such as remodeling, using public transit or carpooling?
- What other purchases will I need to forego?
- What can I afford and how can I pay for it?
- Do I need outside financing and what will it cost?

If the purchase plan moves forward, a decision must be made about the down payment. A good planner might have started a replacement fund a few years ago in anticipation of the need. Other cash sources might include a savings account or a rainy day emergency fund. The city, just like most families, needs to find longer-term financing to cover certain costs for capital improvements. Repayment of the loan might require cutting other expenses like eating at restaurants or increasing income by taking a second part-time job. An unanticipated inheritance may speed up the timetable; a negative event, such as a flood or unanticipated medical expense, might delay the plan.

Similarly, most large capital improvements cannot be financed solely from a single year's revenue stream or by simply increasing income or decreasing expenses. For a more detailed discussion about this issue see the "Impacts of the CIP on the Operating Budget."

## **Guidelines and Policies Used in Developing the CIP**

City Council's strategic goals and key objectives and the city's financial policies provide the broad parameters for development of the annual capital plan. Additional considerations include the following:

- Does a project support City Council's strategic goals?
- Does a project qualify as a capital project, i.e., cost more than \$50,000 and have an expected useful life of at least five years?
- Does a project satisfactorily address all federal, state and city legal and financial requirements?
- Does a project support the city's favorable investment ratings and financial integrity?
- Does a project support the city's goal of ensuring all geographic areas of the city have comparable quality in the types of services that are defined in the Public Facilities section of the General Plan?
- Does a project prevent the deterioration of the city's existing infrastructure, and respond to and anticipate future growth in the city?
- Does a project encourage and sustain quality economic development?
- Can a project be financed through growth in the tax base or development fees, when possible, if constructed in response to residential or commercial development?
- Is a project responsive to the needs of residents and businesses within the constraints of reasonable taxes and fees?
- Does a project leverage funds provided by other units of government (e.g., Maricopa County Flood Control District, Arizona Department of Transportation, etc) where appropriate?

Master plans also help determine which projects should be included in the CIP and the timeframes in which the projects should be completed. For example, the Parks and Recreation Master Plan's guidelines for neighborhood parks include one acre of park land per 1,000 residents. When population growth causes an area to exceed this threshold, that neighborhood will rise on the capital plan's priority list for park development. The Water & Sewer Master



Plan, Parks Master Plan, Storm Water Master Plan, GO Transportation Plan and five-year plans for landfill and solid waste collection services also provide valuable guidance in the preparation of the CIP.

Economic forecasts also are a critical source of information and guidance throughout the capital planning process. The forecasts assess external factors such as whether the local economy is growing or contracting, population growth, inflation for construction materials, the value of land, and other variables that may affect the city's ability to finance needed services and capital projects.

### **Glendale's Annual CIP Development Process**

In conjunction with the annual budgeting process, the Management and Budget Department coordinates the citywide process of revising and updating the city's capital plan. City staff members from all departments participate in an extensive review of projects in the existing plan and the identification of new projects for inclusion in the CIP. The City Council's commitment to the needs and desires of Glendale's citizens is a critical factor considered during the capital planning process, as well as compliance with legal limits and financial resources.

The first year of the plan is the only year appropriated by Council. The remaining nine years are for planning purposes and funding is not guaranteed to occur in the year planned. City Council makes the final decision about whether and when to fund a project.

Once projects are selected for inclusion in the capital plan, decisions must be made about which projects should be recommended for inclusion in the first five years of the plan. Determining how and when to schedule projects is a complicated process. It must take into account City Council's strategic goals as well as all of the variables that affect the city's ability to generate the funds to pay for these projects without jeopardizing its ability to provide routine, ongoing services and one-time or emergency services when needed.

Prior to Council's consideration of the proposed CIP, the Finance and Management & Budget Departments evaluate various debt-related issues to ensure the proposed expenditures meet all debt coverage requirements as discussed in the city's Debt Management Plan. The Finance Department periodically updates the Debt Management Plan to include the most recent debt issuances.

The City Council reviews the recommended CIP during the spring budget workshops. Council also considers citizen requests and considers the recommendations of staff before making the final decision about which projects should be included in which years of the CIP.

## **Citizen Involvement in the CIP Process**

The CIP is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's long-term direction for capital improvements and a better understanding of the city's ongoing needs for stable revenue sources to fund large or multi-year capital projects.

Input into the annual CIP updating process is obtained from citizens who serve on many different city boards and commissions, as well from individual citizens through the public hearing and comment process. Through these public input venues, residents and businesses have alerted staff about infrastructure development and renovation needs, important quality-of-life enhancements, and environmental and historic preservation issues that should be addressed in the capital plan.

Citizens have additional opportunities for input when participating in committees that consider voter authorization proposals. There have been two bond elections since 1999. One occurred in November 1999 when Glendale voters approved 100% of the \$411.5 million in bond requests. In 2006, City Council established an Ad-Hoc Citizens Bond Election Committee to consider whether additional bond authorization was needed to complete the Council approved CIP. On May 15, 2007, voters approved \$218 million of the \$270 million in bond requests.

We encourage and welcome your comments and suggestions for improving Glendale's annual CIP. Please share your thoughts, concerns and suggestions with the city staff in the Management and Budget Department.